

## **MAJOR GOVERNMENTAL FUNDS**

The **General Fund** is the primary operating fund of the City. It accounts for all financial resources except those required to be accounted for in another fund. It derives the majority of its revenues from property, sales, business, and utility taxes.

The **Low-Income Housing Fund** manages activities undertaken by the City to preserve, rehabilitate, or replace low-income housing. It also accounts for a seven-year housing levy approved by the voters in 2002 to provide, produce, and/or preserve affordable housing in Seattle and to assist low-income tenants in Seattle.

Descriptions for the nonmajor governmental funds are provided in the combining statements section.

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**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**December 31, 2004**  
*(In Thousands)*

				Comparative Totals	
	General	Low-Income Housing	Other Governmental	2004	2003
ASSETS					
Cash and Equity in Pooled Investments	\$ 76,377	\$ 47,158	\$ 176,062	\$ 299,597	\$ 306,058
Cash with Fiscal Agent	-	-	55	55	77
Receivables, Net of Allowances					
Taxes	38,536	234	5,382	44,152	40,704
Accounts	2,168	-	6,671	8,839	7,307
Contracts and Notes	2	-	2	4	8
Special Assessments - Delinquent	-	-	-	-	1
Interests and Dividends	19	-	88	107	125
Unbilled and Others	196	-	1,277	1,473	2,918
Due from Other Funds	10,706	100	14,054	24,860	24,004
Interfund Loans	5,159	-	-	5,159	-
Due from Other Governments	41,805	192	25,219	67,216	52,443
Inventories	32	-	938	970	761
Prepaid and Other Current Assets	1,860	-	-	1,860	1,721
Contracts and Notes - Noncurrent	5,959	180,636	68,455	255,050	236,325
Advances to Other Funds/Interfund Notes Receivable	18,952	-	-	18,952	89,861
Deferred Charges and Other Assets	19,009	-	16	19,025	38
Total Assets	\$ 220,780	\$ 228,320	\$ 298,219	\$ 747,319	\$ 762,351
LIABILITIES					
Accounts Payable	\$ 17,072	\$ 446	\$ 27,343	\$ 44,861	\$ 58,414
Matured Long-Term Debt - Principal	-	-	55	55	75
Matured Long-Term Debt - Interest	-	-	-	-	2
Contracts Payable	117	-	2,262	2,379	6,114
Due to Other Funds	26,508	218	13,601	40,327	16,811
Due to Other Governments	5,498	86	5,461	11,045	11,657
Salaries, Benefits, and Taxes Payable	15,323	-	8,037	23,360	19,350
Accrued Interest Payable	-	-	-	-	40
Deposits Payable	646	68	290	1,004	1,888
Revenue Collected/Billed in Advance - Current	1,697	-	1,564	3,261	3,251
Other Current Liabilities	400	-	127	527	117
Advances from Other Funds	-	-	14,351	14,351	9,501
Deferred Revenues	21,343	180,870	71,313	273,526	255,219
Total Liabilities	88,604	181,688	144,404	414,696	382,439

The accompanying notes are an integral part of these financial statements.

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**BALANCE SHEET  
GOVERNMENTAL FUNDS  
December 31, 2004  
(In Thousands)**

				Comparative Totals	
	General	Low-Income Housing	Other Governmental	2004	2003
FUND BALANCES					
Reserves Legally Segregated for Future Use					
Capital Improvements	\$ 36,107	\$ -	\$ 102,494	\$ 138,601	\$ 136,323
Continuing Appropriations	11,256	352	22,342	33,950	26,454
Debt Service	12,783	-	14,935	27,718	22,426
Encumbrances	6,440	32,276	1,411	40,127	48,443
Health Care Union Rate Stabilization	3,281	-	-	3,281	4,055
Reserves Not Available for Appropriation					
Endowments	-	-	2,050	2,050	2,050
Gifts	-	-	9,289	9,289	2,892
Interfund Loans	18,952	-	-	18,952	-
Advances to Other Funds	-	-	-	-	80,653
Inventories	-	-	-	-	396
Petty Cash	2,688	-	25	2,713	3,245
Unreserved, Reported in					
Major Funds					
Designated for Special Purposes	21,081	-	-	21,081	35,834
Undesignated	19,588	14,004	-	33,592	8,775
Special Revenue Funds	-	-	4,387	4,387	8,205
Capital Projects Funds	-	-	(3,137)	(3,137)	-
Permanent Funds	-	-	19	19	161
Total Fund Balances	132,176	46,632	153,815	332,623	379,912
Total Liabilities and Fund Balances	\$ 220,780	\$ 228,320	\$ 298,219		

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	2,313,181	2,188,970
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	25,767	25,752
Internal service funds are used by management to charge the costs of Fleets and Facilities, Information Technology, and Engineering Services to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net assets. Adjustments to reflect the consolidation of internal service fund (ISF) activities related to enterprise funds and prior-year adjustment (B-6) are added back to ISF total net assets, and the latter amounts are included in governmental activities.	105,350	102,957
Negative net pension obligation shown as Net Pension Asset in governmental activities (Note 10).	74,501	74,501
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(1,012,922)</u>	<u>(1,051,085)</u>
Net Adjustments	<u>1,505,877</u>	<u>1,341,095</u>
Net Assets of Governmental Activities	<u>\$ 1,838,500</u>	<u>\$ 1,721,007</u>

The accompanying notes are an integral part of these financial statements.

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## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES

### IN FUND BALANCES

#### GOVERNMENTAL FUNDS

For the Year Ended December 31, 2004

(In Thousands)

				Comparative Totals	
	General	Low-Income Housing	Other Governmental	2004	2003
<b>REVENUES</b>					
Taxes	\$ 586,517	\$ 11,770	\$ 116,757	\$ 715,044	\$ 667,039
Licenses and Permits	13,752	-	5,276	19,028	17,500
Grants, Shared Revenues, and Contributions	22,278	6,175	88,909	117,362	97,334
Charges for Services	50,230	23	62,437	112,690	111,736
Fines and Forfeits	18,135	-	2,660	20,795	19,498
Parking Fees and Space Rent	26,847	32	22,669	49,548	48,119
Program Income, Interest, and Miscellaneous Revenues	12,832	9,551	10,114	32,497	36,183
Total Revenues	730,591	27,551	308,822	1,066,964	997,409
<b>EXPENDITURES</b>					
Current					
General Government	114,714	-	4,057	118,771	137,943
Judicial	19,057	-	-	19,057	19,116
Public Safety	306,434	-	3,678	310,112	296,290
Physical Environment	5,548	-	266	5,814	5,996
Transportation	12,939	-	87,523	100,462	83,412
Economic Environment	16,748	18,876	46,901	82,525	91,244
Health and Human Services	10,673	-	17,315	27,988	29,135
Culture and Recreation	3,182	-	178,946	182,128	170,820
Capital Outlay					
General Government	3,947	-	46,067	50,014	73,730
Public Safety	4,351	-	1,453	5,804	3,433
Transportation	-	-	12,774	12,774	18,459
Economic Environment	-	-	-	-	2
Culture and Recreation	11,633	-	85,793	97,426	184,961
Debt Service					
Principal	-	-	50,736	50,736	45,241
Advance Refunding to Escrow	-	-	4,558	4,558	5,368
Interest	-	-	40,254	40,254	42,101
Bond Issuance Cost	-	-	799	799	381
Other	160	-	-	160	139
Total Expenditures	509,386	18,876	581,120	1,109,382	1,207,771
Excess (Deficiency) of Revenues Over Expenditures	221,205	8,675	(272,298)	(42,418)	(210,362)
<b>OTHER FINANCING SOURCES (USES)</b>					
Long-Term Debt Issued	-	-	91,805	91,805	63,521
Premium on Bonds Issued	-	-	4,322	4,322	2,747
Payment to Refunded Bond Escrow Agent	-	-	(92,833)	(92,833)	(4,039)
Sales of Capital Assets	1,922	-	1,058	2,980	6,865
Transfers In	6,238	-	225,280	231,518	245,334
Transfers Out	(216,007)	-	(26,656)	(242,663)	(259,938)
Total Other Financing Sources (Uses)	(207,847)	-	202,976	(4,871)	54,490
Net Change in Fund Balances	13,358	8,675	(69,322)	(47,289)	(155,872)
Fund Balances - Beginning of Year	118,818	37,957	223,137	379,912	535,784
Fund Balances - End of Year	\$ 132,176	\$ 46,632	\$ 153,815	\$ 332,623	\$ 379,912

The accompanying notes are an integral part of these financial statements.

**B-5 RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
For the Year Ended December 31, 2004  
(In Thousands)**

	<b>Comparative Totals</b>	
	<b>2004</b>	<b>2003</b>
Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balance - total governmental funds	\$ (47,289)	\$ (155,872)
Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of those assets is allocated over the estimated useful lives and reported as depreciation expense:		
Depreciation expense for the year	(61,342)	(55,577)
Capital outlay reported as expenditure	185,749	294,781
Retirement and sale of capital assets	(577)	(1,713)
Capital assets received as donations	381	36
The long-term loan receivable from Seattle Monorail project is recorded as deferred revenue in governmental funds.	-	20,000
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	14	(326)
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance cost, premium, discount, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. These amounts are the result of the differences in the treatment of long-term debt and related items:		
Proceeds of general obligation bonds	-	(56,815)
Proceeds of long-term intergovernmental loan	-	(2,567)
Premium on general obligation bonds	(4,322)	(2,746)
Proceeds from bond refunding	(91,805)	(4,040)
Proceeds from capital lease	-	(99)
Capital lease payments	39	31
Principal payments bonds/notes	50,697	45,218
Bond interest accruals	2,654	1,965
Remittance to refunding escrow using City funds	4,558	5,368
Bond issuance cost deferrals	799	401
Amortization of accounting loss on early extinguishment of long-term debt	(3,919)	(3,082)
Remittance to refunding escrow using refunding proceeds	92,833	4,039
Amortization of bond discounts, premiums, refunding losses, and debt expense	(260)	(223)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:		
Compensated absences	(2,908)	(2,148)
Injury and damage claims	(10,422)	(23,674)
Workers' compensation	(909)	2,755
Arbitrage	1,127	1,196
Internal service funds are used by management to charge the cost of Fleets and Facilities, Information Technology, and Engineering Services to individual funds. Adjustments reflect the consolidation of internal service funds activities to governmental funds:		
Operating loss (income) allocated to proprietary funds	552	(205)
Net revenue of internal service funds activities reported with governmental activities	1,843	6,412
Change in Net Assets of Governmental Activities	<u>\$ 117,493</u>	<u>\$ 73,115</u>

The accompanying notes are an integral part of these financial statements.

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